

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 TRSE-00 XMB-07 EB-11 FRB-02

CIAE-00 INR-10 NSAE-00 RSC-01 PA-04 PRS-01 USIA-15

DRC-01 /093 W

----- 033464

R 192200Z NOV 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5580

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SAN JOSE 4105

E.O. 11652: N/A

TAGS: XK, EAID, CS, VIP(ALPIZAR, RQAUDIO)

SUBJECT: VISIT OF FINANCE MINISTER CLAUDIO ALPIZAR

REF: (A) STATE 224943

(B) SAN JOSE 4027

1. ALPIZAR ACCEPTS WITH PLEASURE INVITATION FOR LUNCH
WITH LAZAR AND BREEN AT 12:30 PM ON NOVEMBER 20.

2. CONCERNING PARAGRAPH 3 OF REFERENCE (A) ALPIZAR
IN HIS CAPACITY AS GOCR GOVERNOR ON THE CABEI BOARD
AT ONE TIME VIEWED CABEI AS A WEAK INST-
ITUTION, TOO POLITICEZED TO PERFORM A TRULY EFFECTIVE
ROLE IN THE CACM. AFTER LAST YEAR'S CACM CRISIS AND
WITH CHANGES IN THE CABEI STAFF ALPIZAR CAME TO SEE
CABEI AS POTENTIALLY THE KEY INSTITUTION FOR ACHIEVING
RESTRUCTURING AND MORE EFFECTIVE INTEGRATION. IN
CONTRAST, HE VIEWS SUCH APPROACHES AS THESQIGH
LEVEL COMMISSIONAS OVERLY LEGALISTIC AND UNLIKELY
TO ACHIEVE MUCH--THUS, HE IS A PRAGMATIST AND CEBEI
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IS THE PRACTICAL INSTRUMENT AT HAND. WHILE ALPIZAR

FEELS THAT CABEI NOW HAS THE PROPER MANAGEMENT, HE MAINTAINS POLICY GUIDELINES FROM THE BOARD ARE WEAK, SHORTSIGHTED, AND OFTEN DIVISIVE. HE CITES AS AN EXAMPLE OF THIS THE LAST MEETING IN EL SALVADOR IN WHICH, HE SAYS, COSTA RICA WAS THE ONLY MEMBER COUNTRY ON THE BOARD PREPARED TO MAKE A \$3 MILLION ANNUAL PLEDGE TO BUILD UP CABEI'S CAPITAL TO PROVIDE COUNTERPART FUNDS FOR A SEVEN YEAR DEVELOPMENT PLAN. (ALPIZAR WAS OUTSPOKEN ON THIS POINT AT THE LAST BOARD MEETING, HE ISSUED A BLUNT PRESS RELEASE SUBSEQUENT TO THE MEETING, AND SAID HE LOBBIED AMONG FELLOW CENTRAL AMERICANS FOR HIS POSITION AT THE NAIROBI IMF/IBRD MEETING.)

3. WE DOUBT THAT ALPIZAR HAS THOUGHT OUT HIS IDEAS MUCH BEYOND THOSE SKETCHED IN REFERENCE (B). BASICALLY, AS NOTED, WE THINK HE WOULD WANT CABEI TO DEVELOP LONG TERM LENDING PROGRAMS DESIGNED TO (A) ACHIEVE SOME INDUSTRIAL RESTRUCTURING WITHIN THE MARKET AND (B) TO SPREAD THE FRUITS OF DEVELOPMENT WITHIN THE MARKET TO DISADVANTAGED ELEMENTS OF THE CACM POPULATION. (HE ADMITS BEING STRONGLY INFLUENCED BY IBRD THINKING REGARDING NEED TO SHIFT MORE RESOURCES FROM INFRASTRUCTURE DEVELOPMENT TO SMALL PRODUCERS.)

4. CONCERNING ALPIZAR'S CONSORTIUM PLAN WE HAVE THE IMPRESSION THAT THIS ALSO HAS NOT BEEN WORKED OUT BY HIM IN ANY DETAIL. PRESUMABLY HE WOULD BE RECEPTIVE TO RECASTING EXISTING COMMITMENTS TO CABEI BY OTHER IFIS WITHIN ANY CONSORTIUM PLAN.

5. REGARDING MISSION VIEWS AT THIS STAGE WE CANNOT ADD TO PARAGRAPH 6 OF REFERENCE (B): THE PLAN DESERVES SERIOUS CONSIDERATION AS A POTENTIALLY IMPORTANT LOCAL INITIATIVE, WE AGREE THAT CABEI COULD AND SHOULD BECOME A MUCH MORE CENTRAL INSTITUTION, AND WE SUPPORT THE CONCEPT OF CONSORTIUM LENDING.

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